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Long-Range Program Of Foreign Aid Urged

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By Rowland Evans Jr.

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Max F. Millikan, economist and foreign affairs specialist, proposed yesterday a 10-year, 10-billion-dollar loan-and-grant aid program to help underdeveloped nations mobilize their resources and start the "process of growth" toward economic self-sufficiency.

Millikan, now director of the Center for International Studies at Massachusetts Institute of Technology, was the first witness before a special Senate Committee on Foreign Aid which will spend the next three weeks on the most intensive study of the aid program since its inception.

The hearings were launched at the time when foreign economic aid was under its sharpest congressional attack.

Congressional Aversion

Millikan's strongest appeal came in precisely those areas most objectionable to Congress: That this Nation must plan a long-range program for development assistance entirely apart from "crash program" economic aid; that the Administration must have wide latitude and flexibility in handling the outlays; and that aid should not favor nations "who call themselves our allies" as against "those who profess neutrality."

This was his central thesis: "We doubt whether without help most of the underdeveloped countries can make the transition from static, low-income economies to economies which can plow back enough of their earnings to get them over the hump and keep them growing."

Long-Range Plan

Millikan outlined a long-range plan based on strict economic measurements, such as capacity to increase productivity by 2 to 3 per cent a year. Of the total amounts invested, he said, some 80 per cent could be in the form of loans, the balance in grants.

The limited capacity to absorb development assistance in the underdeveloped areas would probably mean an increase in present programs of no more than \$1 billion to \$1.5 billion Millikan said.

Dr. Herbert W. Robinson, president of the Council of Economic and Industry Research, Inc., agreed with Millikan on major points. He warned the committee, headed by Sen. Theodore Francis Green (D-R.I.) that Soviet aid programs, "though small by our standards," already have "achieved some remarkable political results."

Unpleasant Facts

"Moreover," he testified, "it has the potentiality to grow rapidly in the years ahead. I believe the Senate should not lose sight of these unpleasant facts. The foreign aid program is an important element in our efforts to achieve national security and it should therefore be engineered as part of a well-thought-out plan to win the cold war."

The "budget aspect" of the foreign aid program, Robinson said, "seems often over-emphasized." Basically, it is that aspect that is certain to be

most used in congressional efforts to cut President Eisenhower's request for \$4 billion in new foreign aid appropriations for the year starting July 1.

Influential Senators of both parties are talking privately of a reduction to \$3 billion or so.

"Crucial" to India

Asked by Green what would happen if the United States ended all its development assistance aid, for such economic essentials as transportation, power and the like, Millikan said that underdeveloped nations "would turn increasingly to the Soviet bloc" and would be encouraged to adopt "totalitarian methods" of government to squeeze more resources from their own subjects. Small as it has been, American aid has been "quite crucial" to countries like India, Millikan said.

Loans for capital development could come in part from the World Bank, he said, or from the United States Treasury. Other advanced nations should take a share of the load, perhaps adding 25 per cent to the American assistance.

Millikan disagreed with findings of the President's own foreign aid study, headed by Benjamin F. Fairless, that private capital could take over a major share of the load. He also disagreed with the Fairless proposal that aid projects be planned and appropriated for two years in advance. That would not be nearly long enough, he said.

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... testifies on aid

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